



OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich  
*County Executive*

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*Chief Administrative Officer*

**MEMORANDUM**

March 14, 2019

TO: Nancy Navarro, President, County Council

FROM: Marc Elrich, County Executive 

SUBJECT: 2019 Economic Development Fund Annual Report

Attached is the 2019 Annual Report on the status and use of the Economic Development Fund (“EDF”) for your review. The legislation creating the Fund requires that an annual report be submitted to the County Council every year.

The EDF, through its array of programs, continues to play a vital role in the County’s business attraction and retention efforts. In 2018, six new EDF Grant or Loan projects were awarded, representing the retention of over 1,100 jobs and the creation of more than 700 new jobs in the County. Twenty-two MOVE Grants were awarded to new companies in the County, representing nearly 100,000 square feet of leased office space and 82 new jobs. The new SBIR/STTR Matching Grant Program provided assistance to 13 life science/biohealth firms located in Montgomery County.

The attached annual report provides details on the status of all active programs under the EDF. Summary and performance data is dependent on each program’s purpose and is collected either through performance documents required by the County’s agreements or supplemented through other sources. The report contains separate sections for each program administered under the Fund, consolidating program activity and performance data.

Please direct any questions about the report to Laurie Boyer, Economic Development Manager in the Department of Finance at 7-8902.

Attachment

# **Montgomery County Economic Development Fund Annual Report**

**For Calendar Year 2018**



**Prepared by  
Department of Finance**

March 2019

## Introduction

The Economic Development Fund (EDF) is a suite of programs that provide financial assistance to businesses located in or relocating to Montgomery County (the County). The purpose of the EDF is to generate economic development activity that would not have occurred without assistance from the public sector. Most of the assistance is awarded to projects that will generate economic benefit to the County through job creation and substantial capital investment in real or personal property. However, the EDF is flexible and houses programs that incentivize economic growth in other sectors that may not be significant job creators immediately. For example, there are programs that incentivize investment in early-stage biotechnology or cybersecurity companies or assist companies experiencing a loss in revenues during construction of a County project.

This report summarizes the activity and performance of each EDF program for the past calendar year, from January 1, 2018 through December 31, 2018. Summary and performance data is dependent on each program's purpose, and is collected through performance documents required by the County's agreements and may be supplemented through other sources. Each program's activity and performance data is presented in a separate section to allow readers to more easily digest the information for each program. The total FY19 budget for the EDF programs is \$4,966,779. Any transactions funded since last year's report are detailed in the appendices.

There are eight active programs currently administered through the EDF. The table below summarizes the total assistance provided through all EDF programs since inception.

Active Programs	Year Established	Cumulative Assistance Provided
Economic Development Fund Grant and Loan Program	FY 1996	\$42,965,150
MOVE Program	FY 2014	\$2,427,296
Biotechnology Investor Incentive Program	FY 2012	\$2,474,431
Cybersecurity Supplement Program	FY 2014	\$127,395
Small Business Assistance Program	FY 2013	\$546,680
Impact Assistance Fund	FY 2017	\$175,000
Microloan Fund	FY 2018	\$200,000
SBIR/STTR Matching Grant Program	FY 2019	\$525,000

Inactive or Discontinued Programs	Year Established	Cumulative Assistance Provided
Technology Growth Program	FY 1999	\$4,055,000
Emergency Agricultural	FY 1998	\$1,500,000
Demolition Loan Program	FY 2000	\$100,000
Export Montgomery	FY 2001	\$12,000
Equity Investment Program	FY 2013	\$255,000
Micro-Enterprise	FY 2008	Merged into SBRLP
Small Business Revolving Loan Program	FY 2000	\$2,535,959
Bethesda Green Be Green Incubator Hub (Replaces Green Investor Incentive Program)	FY2017	\$250,000

### Highlights of Recent EDF Activities

- **Attraction of London-based Autolus Limited**—staff worked with MCEDC and the State of Maryland to offer an EDF grant of \$200,000 to this European biopharmaceutical cell therapy company working on cancer treatments. They will build an 85,000 square foot office, lab and manufacturing facility in Rockville, bringing 200 jobs to the County.
- **First Microbrewery MOVE grant awarded** – True Respite Brewing Company, LLC leased 9,554 square feet of Class B office space in Rockville, of which 7,224 square feet is dedicated production facility space. Under the new MOVE regulations allowing Craft Alcohol Production facilities to qualify for assistance under this program, True Respite received a MOVE grant for \$57,792 to help this start up brewery with their upfront production costs.
- **Small Business Revolving Loan repaid** – the County’s first loan to a microbrewery, Denizen’s Brewing Company (\$75,000 loan in 2015), was repaid in full in 2018. The loan helped the company create 32 jobs in the Montgomery County.

### New in Calendar Year 2018

- **Small Business Assistance Program (SBAP)** – Disbursements of financial assistance to recipients affected by the Wheaton Redevelopment Project began.
- **SBIR/STTR (Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program)** – This new program provides a local match for Montgomery County companies who received an NIH SBIR/STTR grant award, up to \$25,000 for Phase I grant recipients and up to \$75,000 for Phase II grant recipients.

- **Impact Assistance Fund** – The designated area in Silver Spring was expanded to include Bonifant Street and the surrounding area as qualifying for financial assistance to offset the impact of the Studio Plaza Project. Elm Street in Bethesda was added as a designated area for financial assistance to offset the impact of the Bethesda Metro Project.

## **Economic Development Fund Grant and Loan Program (EDFGLP)**

**Program Goals:** Strategic attraction and retention projects in targeted industry sectors that generate significant economic development benefits in the County.

**Program Mechanics:** Projects are awarded after a business executes an EDF agreement that stipulates the conditions for grant disbursement and performance. All agreements contain clawback provisions to recapture incentive dollars if a business fails to achieve the expected economic output. The program typically uses total jobs, both retained and created, and capital expenditures as milestones but has flexibility to accommodate projects that generate other types of significant economic development activities.

### **Six-Year Program Summary**

Approved Projects *	FY 2014	FY 2015	FY2016	FY 2017	FY 2018		CY2018	Total <sup>2</sup>
Projects awarded	13	10	2	8	9		6	42
Amount awarded	\$5,495,000	\$13,005,000 <sup>1</sup>	\$180,000	\$4,250,000	\$3,250,000		\$1,850,000	\$26,180,000
Projects State partnered with County	7	3	2	7	9		6	28
State leverage per County dollar	\$2.38	\$1.83	\$1.73	\$1.93	\$1.92		\$2.18	\$1.96
Jobs retained	1,973	332	45	1,805	1,343		1,185	5,498
Jobs attracted or created	881	342	188	1,530	827		706	3,768
Private capital investment (millions)	\$35.8	\$10.0	\$12.4	\$220.1	\$341.0		\$173.4	\$619.3
Award dollars per total jobs	\$1,925	\$1,491	\$773	\$ 1,274	\$1,498		\$978	\$1,530
<b>Funded Projects</b>								
Number of projects	14	5	5	7	2		8	33

Amount funded	\$6,546,150	\$375,000	\$730,000	\$1,201,691	\$350,000		\$2,431,568	\$9,202,841
Total jobs at funding	2,441	198	195	803	35		1,504	3,672
Average salary at funding	\$97,750	\$87,200	\$92,260	\$75,567	\$90,500		\$112,198	\$88,655

\* These are projects that have been approved for a financial incentive, but funds have not yet been disbursed. The logistics and scope of attraction or retention/expansion projects often result in a lapse in time between award approval and funds disbursement. Consequently, projects approved for funding in one fiscal year may actually be funded in a subsequent fiscal year.

<sup>1</sup> The \$12,000,000 EDF award to ByteGrid had no job creation requirements so that amount is removed from the Award dollars per job calculation number.

<sup>2</sup> The Total column excludes CY18 information to avoid double counting of some transactions included in both FY18 and CY18 tabulations.

**EDFGLP Program Outcomes:** Cases are monitored annually after funding and closed once a business achieves the contracted milestones, repays the required penalty, or the Department of Finance forwards the case to the Office of the County Attorney for collection.

### Ten-year Summary of Outcomes (FY 2009 – 2018)

Outcome	Number of Cases	Funded Amount	Recalled Amount <sup>2</sup>	Repaid Amount <sup>3</sup>	Contracted Jobs	Final Jobs <sup>4</sup>	Award Dollars per Final Job
<b>Closed Cases</b>							
Met contracted milestones	6	\$930,000	-	-	1304	1,645	\$565
Partially met contracted milestones, made repayment	1	\$80,000	\$80,000	\$60,000	88	55	\$1,455
Did not meet contracted milestones, made repayment	5	\$ 790,000	\$90,000	\$816,920	522	359	\$2,201
<b>Total Satisfied Cases</b>	<b>12</b>	<b>\$1,800,000</b>	<b>\$170,000</b>	<b>\$876,920</b>	<b>1,914</b>	<b>2,059</b>	<b>\$874</b>
Did not meet contracted milestones, no repayment	6	\$1,325,000	\$38,000	-	160	0	N/A
<b>Active Cases</b>							
Monitoring	49	\$19,319,601 <sup>1</sup>		-	7,390	TBD <sup>5</sup>	TBD <sup>5</sup>
<b>Total All Cases</b>	<b>77</b>	<b>\$22,444,601</b>	<b>\$392,750</b>	<b>\$426,412</b>	<b>13,491</b>	<b>7,237</b>	<b>\$3,129</b>

1- Active cases being monitored include 2 companies classified as Open Collections

2 - Only includes those EDFA projects for which the County issued a formal recall notice to the business.

3 - Includes principal and interest.

4 - Final Jobs reflects the number of jobs at the time the EDFA was satisfied.

5 - For Active Cases, job count reflects the most recent performance reports submitted to date.

## **Make Office Vacancies Extinct (MOVE Program)**

**Program Goals:** Attract new businesses to the County and reduce vacant Class A and B office space

**Program Mechanics:** New businesses to the County can apply for the program after signing a direct lease for at least three years. Upon verification, businesses receive a grant of \$8.00 per square foot leased, for a maximum grant amount of \$80,000.

### **Program Summary**

	Report Year 2015	Report Year 2016	Report Year 2017	Report Year 2018	Calendar Year 2018	Total
Number of awards	18	12	16	26	22	93
Amount awarded	\$499,972	\$308,944	\$428,706	\$945,904	\$664,416	\$2,839,942
Square footage leased	77,265	39,450	53,592	123,718	96,024	389,049
Average lease term (months)	64	69	87	82	72	75
Initial jobs	162	53	72	116	82	485
Award dollars per initial jobs	\$3,086	\$5,829	\$5,954	\$8,154	\$7,910	\$5,856
Projected three-year job total <sup>1</sup>	405	213	225	442	323	1,608
Award dollars per total jobs	\$1,234	\$1,450	\$1,905	\$2,140	\$2,026	\$1,766

1. Job total as reported by applicant on their application. Actual jobs will be verified in future years using Maryland Quarterly Census of Employment and Wage data.

NOTE: Prior year reports covered the period from March 1 – February 28 of the following year. This report includes data from the full Calendar Year 2018. Any duplicative numbers were not included in the Total column.

#### **Notes:**

- 1) In Calendar Year 2018, the Healthcare/Medical Services industry sector received the most MOVE grants - (4 awards, 18% of total).
- 2) In CY18, the most MOVE grants were awarded to businesses signing leases in Rockville (41%, 9 awards) followed by Silver Spring (18%, 4 awards) and Bethesda (18%, 4 awards). Additional localities included Germantown (14%, 3 awards), Gaithersburg (1 award) and Burtonsville (1 award).
- 3) Beginning in FY18, businesses may lease up to a maximum of 20,000 square feet, although the maximum dollar amount for a MOVE grant remains capped at \$8 per square foot for up to 10,000 square feet, or \$80,000.
- 4) During FY18, Class A or B office space that includes production space leased by craft alcohol production companies (breweries, cideries, distillers and wineries) became eligible for MOVE grants.

## Small Business Revolving Loan Program (SBRLP)

**Program Goals:** Provide financing for Montgomery County small businesses that lack access to traditional funding sources (e.g. banks).

**Program Mechanics:** Each business must execute a loan agreement that details the term and repayment conditions. In addition, recipients must execute a personal guarantee in the event of default.

### Six-Year Program Summary

	Report Year 2013 <sup>1</sup>	Report Year 2014	Report Year 2015	Report Year 2016 <sup>1</sup>	Report Year 2017 <sup>1</sup>	Calendar Year 2018 <sup>1</sup>	Total
Loans closed	-	3	4	-	-	-	7
Amount	-	\$125,000	\$293,459	-	-	-	\$418,459
Initial jobs	-	11	58	-	-	-	69
Private Capital Investment	-	\$800,000	-	-	-	-	\$800,000

1 - No loans were awarded

NOTE: Prior year reports covered the period from March 1 – February 28 of the following year. This report includes data from the full Calendar Year 2018. Any duplicative numbers were not included in the Total column.

### Ten-year Summary of Outcomes (Report Years 2009 - 2018)

Outcome	Number of Cases	Loaned Amount	Outstanding Balance	Repaid Amount <sup>1</sup>	Written-off Amount	Current Jobs <sup>2</sup>
<b>Closed Cases</b>						
Fully paid-off	13	\$624,000	-	\$698,880	-	121
Partial Repayment – Written off	8	\$348,000	-	\$64,090	\$317,376	24
Full write-off	14 <sup>3</sup>	\$747,008	-	\$19,600	\$727,408	6
<b>Active Cases</b>						
Still open	2	\$125,000	\$47,293	\$38,262	-	10
<b>Total All Cases</b>	<b>37</b>	<b>1,844,008</b>	<b>47,293</b>	<b>\$820,832</b>	<b>\$1,044,784</b>	<b>161</b>
<b>Program Totals (All Fiscal Years)</b>	<b>45</b>	<b>\$2,562,500</b>	<b>\$634,160</b>	<b>\$1,615,828</b>	<b>\$939,623</b>	<b>377</b>

1 - Includes interest and loan fees

2 - Data was collected from Maryland Quarterly Census of Employment and Wages reports, when available.

3 - Nine loans have been inactive for over one year and will be reviewed with OCA for further action to resolve delinquencies.

## Biotechnology Investor Incentive Program (BIIP)

**Program Goals:** Provide grants to qualified investors for their investment in early-stage biotechnology companies in the County.

**Program Mechanics:** The grants are awarded to qualified investors who receive a final tax credit certificate from the State of Maryland's Biotechnology Investor Incentive Tax Credit Program. Grants are prorated based on the amount appropriated for the program and portion of an investor's state tax credits compared to the total state tax credits received by all investors of County biotechnology businesses.\* Data is reported on a calendar year basis,

\* Example: County appropriates \$500,000. Total State tax credits for all investors of County biotechnology companies are \$3,000,000. Investor A received \$180,000 in State tax credits. Investor A will receive a \$30,000 supplement from the County under the BIIP (\$180,000 divided by \$3,000,000 equals 6%. 6% of \$500,000 equals \$30,000).

instead of the County's fiscal year, because the BIIP is awarded for investments made in the previous calendar year.

As of the date of this publication, we are still awaiting State data on Calendar Year 2018 investment awards.

### Program Summary

	CY 2013	CY 2014	CY 2015	CY 2016	CY2017	CY 2018	Total
Appropriation	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,000,000
Number of businesses	10	14	12	15	8	Not available*	70
Number of investments <sup>1</sup>	51	59	95	81	60	Not available*	407
Total private investment dollars	\$7,053,700	\$7,002,711	\$13,579,920	\$11,984,484	\$10,656,092	Not available*	\$56,530,894
County supplement percent ROI	7.1%	7.1%	3.8%	4.2%	N/A		-
Total ROI, including MD tax credit <sup>2</sup>	57.1%	57.1%	53.8%	54.2%	N/A		-
Total jobs <sup>3</sup>	45	77	110	130	74		477

1 - Does not represent total number of investors. State tax credits are awarded on a qualified investment basis.

2 - Represents the return on investment for qualified investments into County biotechnology companies based on Maryland tax credit and County supplement. Maryland tax credit is cash refundable when there is no MD tax liability. Information on the total amount of credits statewide was unavailable at the time of this report.

3 - Job data is not reported under this program. Data was collected from Maryland Quarterly Census of Employment and Wages reports, when available.

\*State data on qualifying biotech investments in Montgomery County for 2018 had not yet been received by the date of this report.

### Cybersecurity Supplement Program (CSP)

**Program Goals:** Provide grants to qualified County cybersecurity businesses for successfully securing financing.

**Program Mechanics:** The grants are awarded to qualified businesses which receive a final tax credit certificate from the State of Maryland's Cybersecurity Investment Incentive Tax Credit Program. Grants are prorated based on the amount appropriated for the program and portion of the businesses' state tax credits compared to the total state tax credits received by all qualified businesses in the County. Data is reported on a calendar year basis, instead of fiscal year, because the CSP is awarded for investments made in the previous calendar year.

	CY 2015	CY 2016	CY 2017	CY 2018	Total
County funding available	\$500,000	\$500,000	\$500,000	\$127,395	\$1,627,395
Number of businesses	1	2	3	Not available*	6
Number of investments	1	5	7	Not available*	13
Total private investment dollars	100,000	\$1,233,000	\$1,405,000	Not available*	\$2,738,000

\* State data on qualifying cybersecurity investments in Montgomery County for 2018 had not yet been received by the date of this report.

## **Be Green Hub Incubator Program (Formerly the Green Investor Incentive Program GIIP)**

**Program Goals:** Provide grants to qualified companies in the Bethesda Green Incubator.

**Program Summary:** Initially established in 2013 as the Be Green Investor Incentive Program, the program was repurposed, as no investor had taken advantage of the program since its inception. The County re-allocated \$250,000 from the GIIP to provide seed funding for the newly formed Bethesda Green Incubator Fund. The Incubator provides additional seed capital.

During 2017, Bethesda Green hired a full-time Managing Director for the Be Green Hub incubator program. Seven new companies in food and environment were selected to join Be Green Hub and signed the Operating and Financial Award Agreement with Bethesda Green. As required by the EDF Agreement, Bethesda Green received additional Incubator funding from the Diana Davis Foundation in the amount of \$150,000. The \$250,000 from the EDF was disbursed to Bethesda Green in 2018, who have established a clear process that will yield individual awards of up to \$10,000 from the Economic Development Fund grant to qualifying companies.

## **Small Business Assistance Program (SBAP)**

**Program Goals:** Provide technical and financial assistance to small businesses adversely impacted by redevelopment projects that are either funded by the County or are located on County-owned land in an Urban Renewal Area or an Enterprise Zone. Only one project, the Wheaton Redevelopment Project on County Parking Lot #13 in Wheaton, is currently eligible for assistance under the SBAP. When completed, the project will house the Montgomery County Office of Planning, several County departments, street-level retail space and an outdoor plaza.

**Program Mechanics:** The County, through contracted non-profit organizations<sup>1</sup>, provides technical assistance to small businesses that may be adversely impacted by a qualified redevelopment project prior to and during project construction. Small businesses that can demonstrate that they were financially healthy prior to the commencement of a County-related redevelopment project and were adversely impacted by the redevelopment project can be awarded up to \$75,000 in financial assistance. Disbursements may occur on a quarterly basis, subject to financial information that demonstrates adverse impact related to construction. Under the SBAP, participation in technical assistance is required prior to receiving financial assistance.

### **Program Summary for CY 2018:**

<b>Businesses Receiving Technical Assistance<sup>1</sup></b>		67					
<b>Financial Assistance Applications</b>	Submitted	Rejected	Incomplete	Approved	Disbursed	Refused Offer	Expired Offer
	29	2	6	17	34	2	0
<b>Disbursement Status</b>	Number of Disbursements	Number of Recipients	Total Disbursed	Offers Pending	Highest Offer	Lowest Offer	Average Offer
	34	17	\$514,960	\$22,282	\$68,270	\$1,680	\$16,191

<sup>1</sup> For this program, the County utilizes the services of the Latino Economic Development Corporation (LEDC) to provide one-to-one business counseling and seminars (e.g. QuickBooks, Marketing through Social Media, CVRS, etc.). Additional organizations such as the Maryland Small Business Development Center (SBDC), the Greater Washington Hispanic Chamber of Commerce, and the Hispanic Chamber of Commerce of Montgomery County, have also been utilized for specific tasks.

## **Impact Assistance Fund (IAF)**

**Program Goals:** Provide financial assistance to businesses that are adversely impacted by a redevelopment project initiated by the County, a redevelopment project located on County-owned property, or a redevelopment project constructed by a private entity for use in whole or in part by the County as a public facility which will enable ongoing operations, so that the businesses remain viable enterprises during the redevelopment project and after its completion.

**Program Mechanics:** Financial assistance, technical assistance, or both may be provided to businesses which meet certain eligibility criteria, including being located within a geographic area designated by the County Executive as impacted by County-related redevelopment projects. Currently, there are two designated areas: one in Silver Spring in the immediate proximity to the Studio Plaza redevelopment project, and one on Elm Street in Bethesda in proximity to the Bethesda Metro redevelopment project. Financial assistance, in the form of a conditional grant, is determined based on the degree of adverse impact resulting from the redevelopment project and the financial health of the business prior to construction. The maximum amount of assistance a business can receive under the program is \$25,000 and only one disbursement is allowed. Only businesses that are currently experiencing adverse impact due to redevelopment projects, as described above, and that are currently in progress, will be eligible under the program. Technical assistance is not a requirement for financial assistance under the IAF.

### **Program Summary for CY 2018:**

<b>Businesses Receiving Technical Assistance<sup>2</sup></b>		15					
<b>Financial Assistance Applications</b>	Submitted	Rejected	Incomplete	Approved	Disbursed	Refused Offers	Expired Offers
	19	2	8	9	7	0	1
<b>Disbursement Status</b>	Number of Disbursements	Number of Recipients	Total Disbursed	Offers Pending	Highest Offer	Lowest Offer	Average Offer
	7	7	\$175,000	\$25,000	\$25,000	\$25,000	\$25,000

<sup>2</sup>For this program, the County utilizes the services of the Latino Economic Development Corporation (LEDC) to provide one-to-one business counseling and seminars (e.g. QuickBooks, Marketing through Social Media, etc.). Businesses are not required to take advantage of the available technical assistance in order to receive funding.

## **SBIR/STTR Local Matching Grant Program**

In 2018, the Montgomery County Council established the Small Business Innovation Research (SBIR) Matching Grant Program, which provides matching funds for businesses that receive federal SBIR and Small Business Technology Transfer (STTR) grants.

Bill 41-17, Economic Development Fund – Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program, allows Montgomery County companies who have been awarded a SBIR or STTR Phase I or Phase II grant from the National Institutes of Health (NIH) and conduct at least 51 percent of its research & development operations in Montgomery County to apply for a local Montgomery County match. Companies may receive a match of 25%, up to a maximum of \$25,000 for a Phase I grant, or a match of 25%, up to a maximum of \$75,000 for a Phase II grant. Companies are eligible to receive a local match once per calendar year, up to a total of five grant awards.

CY 2018			Totals
Phase I Grant Recipients	9	Total Phase I & II grants:	13
Phase I Grant Awards amount	\$225,000		
Federal Grant Dollars Leveraged	\$2,361,064	Total Local grants:	\$525,000
Phase II Grant Recipients	4		
Phase II Grant Awards amount	\$300,000	Total Federal grants leveraged:	\$8,392,449
Federal Grant Dollars Leveraged	\$6,031,385		

## **MicroLoan Program**

On April 18, 2017, the Montgomery County Council approved Bill 49-16, creating a County microloan program that would provide loans ranging from \$500 to \$15,000 for County residents needing additional help to start small businesses. The Department of Finance was charged with administering the program through the Economic Development Fund. The program has been initially seeded with \$300,000 from the Small Business Revolving Loan Fund balance. The Department has contracted with two experienced microloan providers – Life Asset and Latino Economic Development Corporation (LEDC) – to underwrite and monitor the portfolio of microloans generated through the Microloan Program. Funds are disbursed to the providers in \$50,000 increments. To date, the microloan providers have received \$200,000 to fund the program. The majority of the microloans were made to small business owners in Silver Spring and Gaithersburg, and other localities included Clarksburg, Germantown, Montgomery Village, Rockville, Takoma Park, Kensington, Olney, Boyds and Burtonsville.

CY 2018		Totals:	
<b>Life Asset:</b>			
Total Microloans Provided	128*	Microloans:	139
Total Dollar Amount Awarded	\$290,848*	Total Dollar Amount:	\$380,135
<b>LEDC:</b>			
Total Microloans Provided	11		
Total Dollar Amount Awarded	\$89,287		

\*Life Asset leveraged the funding received from Montgomery County and borrowed \$333,333 from the Federal Small Business Administration (SBA) in order to support more small businesses in the County.

## **Equity Investment Program**

**Program Goals:** Provide equity investments to select businesses. This program is used in lieu of a traditional EDFGLP agreement when projects cannot yield traditional performance milestones.

**Program Mechanics:** The County executes closing documents for an investment round issued by the business. The business must remain in the County for an agreed upon term, and in the event of a successful exit, the County receives its investment and a prorated portion of the valuation increase.

**Program Summary:** The County invested in three businesses in FY 2014 for a total of \$255,000.

ReelGenie, LLC received an investment of \$55K. The company was liquidated in 12/2014. The County received \$3,525.27 on its investment. MobileSystems LLC received an investment of \$100K. The County did not continue to invest in follow-on funding and thus remained in a junior position to other investors. In April 2016 the assets of the company were sold. The County received \$0 on its investment. CytImmune received an investment of \$100K. The company currently remains in operation in Montgomery County.

## **Technology Growth Program (TGP)**

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**Program Goals:** Provide grants to early stage, technology businesses.

**Program Mechanics:** Each business must execute a TGP Agreement that would require repayment, if and only if, the business achieved certain investment or revenue thresholds. If those thresholds were not met, the grant would be forgiven.

The TGP is inactive and no longer funding companies; the final year for awards was FY 2012. All open TGP cases were closed in Fiscal Year 2016, so the data provided below is a summary for the program.

### **Program Summary (FY 2001 – 2016)**

<b>Outcome</b>	<b>Recipients</b>	<b>Award Amount</b>	<b>Private Funding</b>	<b>Repaid Amount</b>
Grant forgiven	45	\$2,345,000	\$10,630,250	\$0
Grant Repaid	21	\$1,285,000	\$26,674,510	\$1,187,693
Forwarded to Collection	6	\$425,000	\$6,187,170	\$0
<b>Totals</b>	<b>72</b>	<b>\$4,055,000</b>	<b>\$43,491,930</b>	<b>\$1,187,693</b>

## Appendix A: EDFGLP Ongoing and Committed Transactions

Recipient Name	Maximum Funding Amount	Annual Funding Amount	FYs of Funding	Remaining Commitment	Notes
Choice Hotels	\$2,820,150	\$150,000 annually for 6 years	FY14 - 20	\$150,000	Excludes initial disbursement to Choice Hotels of \$1,920,150 in FY14. Disbursements for FY2016 and FY2017 withheld, subject to EDF disbursement requirements. The company provided required documentation and funding for both years, \$300,000, as well as \$150,000 for FY18, were all disbursed in CY2018.
Fishers Lane (HHS)	\$19,500,000	Up to \$1,300,000 for 15 years	FY18 - 32	\$16,900,000	Annual amount is based on real property value at Project Site.
Foulger Pratt (NOAA)*	\$12,000,000	\$114,773 for 13 years	FY18 - 30	\$1,377,276	Annual amount is based on increase in real property values at Project Sites. One payment of \$114,773 made to date.
Meso Scale Diagnostics*	\$1,670,000	Up to \$167,000 for 10 years	FY14 - 23	\$1,169,000	First three years, \$167,000, remaining based on increase in real property values at Project Site
ByteGrid Holdings*	\$12,000,000	\$65,000 for 12 years	FY16 - 27	\$11,804,741	Annual amounts of lessor's energy tax, or 50% of each qualified tenant's annual personal property tax have been significantly less than anticipated. Annual disbursements to date have averaged \$65,000, however \$73,568 was disbursed in CY18.
Marriott International, Inc.	\$22,000,000	\$5,500,000 annually for 4 years	FY19-22	\$16,500,000	Source of funding For FY19 &20 is CIP Funding. Source of funding for FY21&22 will be EDF fund
HMS Host, Inc	\$500,000	\$100,000 annually for 3 years and final payment of \$200,000 in year 10	FY19-28	\$400,000	Final payment delayed until 10 <sup>th</sup> year of agreement
<b>Totals</b>	<b>\$ 69,990,150</b>	<b>\$8,331,773</b>		<b>\$58,808,968</b>	

\* Maximum funding amounts for these incentives were based upon anticipated increases in assessed valuation of real and/or personal property or energy taxes.

## Appendix B: EDFGLP Awards since 2018 EDF Annual Report

Recipient Name	Award	Status	Purpose	Industry	Location
Bethesda Green	\$250,000	Funded	Expand	Green Technology	Bethesda
InfoZen	\$100,000	Funded	Retain/Expand	Tech. and Info. Tech.	Rockville
Marriott	\$22,000,000	Funded	See Appendix B	Hospitality and Retail	Bethesda
Urban One (aka Radio One)	\$100,000	Funded	Retain/Expand	Communications	Silver Spring
Sanaria	\$200,000	Funded	Retain/Expand	Biotechnology	Gaithersburg
Fox Television Stations, LLC	\$500,000	Pending	Attraction	Communications	Bethesda
ViaSat	\$250,000	Pending	Retain/Expand	Communications	Clarksburg
Supernus Pharmaceuticals	\$500,000	Pending	Retain/Expand	Biotechnology	Gaithersburg
Booz Allen Hamilton	\$250,000	Pending	Retention	Consulting Services	Bethesda
Host Hotels & Resorts, Inc.	\$300,000	Pending	Retention	Hospitality	Bethesda
Ridgewell's Holding, LLC	\$100,000	Pending	Retention	Hospitality	Bethesda
Autolus, Limited	\$250,000	Pending	Attraction	Biotechnology	Rockville
Supernus Pharmaceuticals	\$500,000	Pending	Retain/Expand	Biotechnology	Rockville
REGENEXBIO	\$100,000	Pending	Retain/Expand	Biotechnology	Rockville
Datawatch, Inc	\$80,000	Funded	Retain/Expand	Technology/Security	Bethesda
DM Rockville, LLC	\$350,000	Funded	Retention	Hospitality	Rockville
<b>Totals</b>	<b>\$25,805,000</b>				

### Appendix C: MOVE Grants Awarded in Calendar Year 2018

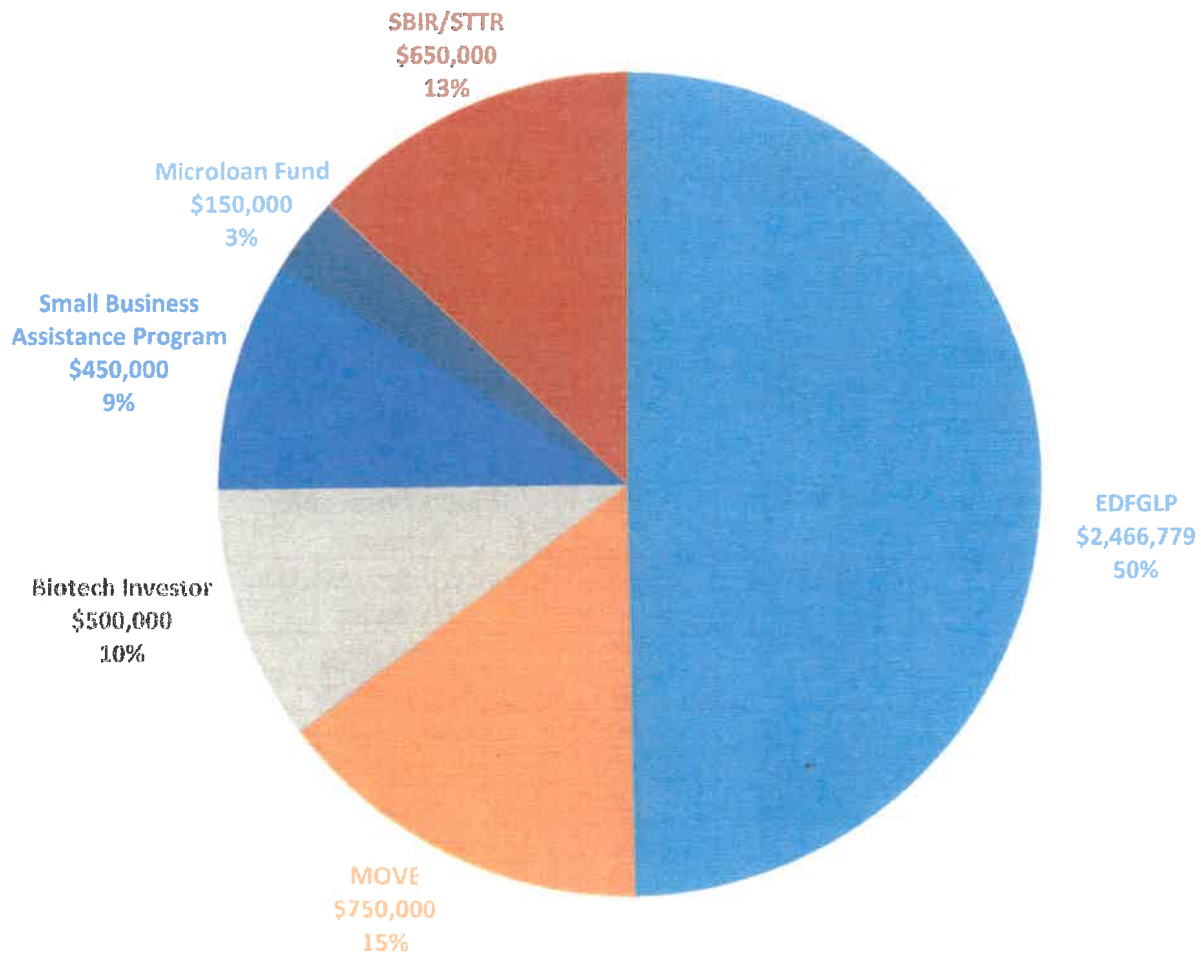
Recipient Name	Award Value	Square Feet	Industry	Location	Initial Jobs
PROIT LLC	\$8,000	1,000	IT Consulting	Germantown	2
Pollin/Miller (PM) Hospitality	\$80,000	13,000	Service	Bethesda	0
Behnaz Shakoori t/a/ Smile Arts	\$20,264	2,533	Healthcare	Rockville	0
Lewlew, Inc.	\$53,360	6,670	Energy Consulting	Silver Spring	2
Stroke Comeback	\$27,000	3,375	Healthcare	Rockville	0
Malachite Institute	\$18,200	2,275	Healthcare	Bethesda	1
Takemori Law Firm	\$19,072	2,384	Law	Germantown	8
Women's Builders Group	\$3,776	472	Commercial Cleaning	Silver Spring	4
A-Tech	\$45,328	5,666	IT Consulting	Rockville	15
Tamid Israeli Investment Group	\$19,064	2,382	Investment	Silver Spring	5
True Respite Brewing Company	\$57,792	7,224	Production/Craft Brewery	Rockville	0
Lurn, Inc.	\$80,000	19,132	Service/Entrepreneurial Training	Rockville	10
Mahlet Consulting, Inc.	\$22,176	2,772	Consulting	Burtonsville	8
Gibson Builders	\$5,760	720	Constuction	Bethesda	3
KeyNow, LLC	\$11,088	1,386	Financial Advisory	Rockville	2
Rackner, Inc.	\$8,608	1,076	IT Consulting	Silver Spring	5
Stem Express	\$41,120	5,140	Biotech	Rockville	4
Capital Harvest Wealth Partners	\$8,760	1,095	Financial/Wealth Management	Bethesda	2
Qrypt, Inc.	\$41,616	5,202	Cybersecurity	Germantown	5
Propel Labs	\$80,000	10,841	Shared Office Space	Gaithersburg	0
Alfa JF	\$8,000	1,000	Wholesale Distribution	Rockville	5
Lice Police	\$5,432	679	Healthcare/Specialty Medical	Rockville	3
<b>Totals</b>	<b>\$664,416</b>	<b>96,024</b>			<b>84</b>

### Appendix D: SBRLP Recipients since 2018 EDF Annual Report

Recipient Name	Loan Value	Initial Jobs	Industry	Location
NA	\$0	NA	NA	NA

## Budget Summary by Program – Fiscal Year 2019

### ECONOMIC DEVELOPMENT FUND PROGRAMS



Note: Funding for the Impact Assistance fund was appropriated as part of the FY18 budget. The Cybersecurity Supplement Program is funded as part of an ongoing appropriation originally allocated in FY18.